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Item 20(a) of the provisional agenda
Administrative, financial and institutional matters
Audit report and financial statements for 2017

Financial report and audited financial statements for the year 2017 and report of the United Nations Board of Auditors

Note by the secretariat

Addendum

Comments by the secretariat

Summary

The report of the United Nations Board of Auditors for the year 2017 (FCCC/SBI/2018/INF.11) includes recommendations relating to the financial audit of the UNFCCC. This addendum, which should be read in conjunction with that report, has been prepared to provide the secretariat's comments on those recommendations and to specify the initial actions taken to implement them. In the "Status of implementation" column of the two tables that comprise this document, "Implemented" indicates that no further action is required, while "Under implementation" indicates that the secretariat has started undertaking the recommended action.

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Table 1
Recommendations of the United Nations Board of Auditors for the year that ended on 31 December 2017

Recommendations[a]	*Comments by the secretariat*	*Status of implementation*
Recommendation 1, paragraph 29:		
The Board recommends that UNFCCC assess additional suitable collaborative measures such as payment plans to ensure that the outstanding contributions are recovered in a timely manner and seek approval from the COP on instalment plans.	SBI 46 requested[b] the secretariat to organize a technical workshop on the margins of SBI 47 to discuss ways to increase the efficiency and transparency of the budget process. At the workshop the secretariat presented a paper on outstanding indicative contributions that included a reference to payment plans. At an informal group meeting at SBI 48.1, a representative of a Party welcomed the idea of payment plans. SBI 49 is expected to consider document FCCC/SBI/2018/INF.18, which includes a section on payment plans at the United Nations Secretariat and other United Nations entities and a further section on the possible use of payment plans at the secretariat.	Implementation in progress
Recommendation 2, paragraph 30:		
The Board recommends that UNFCCC assess options to clear the small amounts of outstanding contributions.	Based on a review of existing small amounts outstanding, balances relating to the period 1996–2017 of EUR 705.68 and USD 144.90 have been written off.	Implemented
Recommendation 3, paragraph 35:		
The Board recommends that UNFCCC assess whether it could benefit from an ICT system that permits the automated preparation of the financial statements.	The secretariat organized meetings with experts on this matter to evaluate the benefits and associated costs of implementing automation tools for the preparation of the financial statements. Further options will be considered to ensure the best possible solution to this matter given the current financial constraints.	Implementation in progress
Recommendation 4, paragraph 43:		
The Board recommends that UNFCCC explore options for a "pre-close-out" to analyse and clear its accounts.	Given the limited resources within the finance function, the accounts have been reviewed throughout the year to the extent possible. As part of the year-end activities, the accounting entries up to November have been examined for anomalies, and corrective action will be taken before the preparation of the financial statements. In addition, an annual account closure group is meeting to clear any issues identified in the pre-closure review.	Implementation in progress
Recommendation 5, paragraph 60:		

Recommendations[a]	*Comments by the secretariat*	*Status of implementation*
The Board recommends that UNFCCC review its funding policy for after-service health insurance and repatriation liabilities, in particular the duration of the accumulation phase, and seek a COP decision on the funding plan.	A policy paper on after-service health insurance funding has been developed and is being considered internally. Once cleared, a corresponding discussion will be facilitated with the COP.	Implementation in progress
Recommendation 6, paragraph 61:		
The Board recommends that UNFCCC enter into an agreement with United Nations Headquarters on the pooled fund for after-service health insurance and repatriation liabilities to have a legal basis for its contributions and the corresponding scope of service.	The secretariat will be managing its after-service health insurance and repatriation liabilities as well as associated reserves directly, including the establishment of reserve balances and withdrawal from the reserves as appropriate to ensure the long-term viability of these liabilities for the organization as agreed with United Nations Headquarters.	Implementation in progress
Recommendation 7, paragraph 66:		
The Board recommends that UNFCCC enhance the note 'Employee benefits' of the financial statements with additional information about the provision of funding of long-term employee benefits.	The note on employee benefits will be enhanced as suggested for the 2018 financial statements.	Implementation in progress
Recommendation 8, paragraph 74:		
The Board recommends that UNFCCC clarify the roles of audit focal points at all levels; in particular, update the delegation to a specific function, preferably the Deputy Executive Secretary, establish clear terms of reference including division of responsibilities between the secretariat's management and the focal points from the individual programmes and ensure that this information is disseminated to all staff.	The roles and responsibilities of the audit focal points have been clarified and made available on the UNFCCC intranet. The draft delegation to the office of the Deputy Executive Secretary has been prepared and is under consideration.	Implementation in progress
Recommendation 9, paragraph 88:		
The Board recommends that UNFCCC critically examine its policies on hiring consultants and individual contractors and whether there is still reason for maintaining them.	The secretariat is in consultation with OHRM for updated policies on hiring consultants and individual contractors. It will adopt, as necessary, the updated OHRM policies once finalized.	Implementation in progress
Recommendation 10, paragraph 89:		
If UNFCCC should conclude to continue applying its own policies, the Board recommends that UNFCCC	The secretariat seeks to align its guidelines on consultants and individual contractors with those of the United Nations Secretariat.	Implementation in progress

Recommendations[a]	*Comments by the secretariat*	*Status of implementation*
adhere to the delegated authority including the required agreement of the USG-AM and update its guideline on consultants and individual contractors in the light of United Nations' policies.	Consultations on updated policies and guidelines is ongoing and will be aligned with the revised OHRM policy. Specific exemptions, as required, will be specifically sought from USG-AM as per the delegation of authority to the secretariat.	
Recommendation 11, paragraph 109:		
The Board recommends that UNFCCC ensure that no exceptions are to be made from the mandatory registration in the roster, from proper documentation and from the mandatory competitive process for retired staff.	The secretariat has ensured that all consultants hired have registered in the consultants' roster. Continuous review of documentation to indicate a competitive process is ongoing with each consultant engagement.	Implementation in progress
Recommendation 12, paragraph 117:		
The Board recommends that UNFCCC expedite the revision process of its procurement policy and procedures in order to provide an up-to-date basis for its procurement activities.	The revision of the UNFCCC procurement policy and procedures is under way and scheduled to be completed by 31 March 2019.	Implementation in progress
Recommendation 13, paragraph 124:		
The Board recommends that UNFCCC ensure that justification is provided for all cases of non-compliance without exception.	Supported by the Umoja system, justification is now mandatory and provided for all cases of non-compliance, including a narrative in the case of non-predefined reasons.	Implemented
Recommendation 14, paragraph 131:		
The Board recommends that UNFCCC take action in order to improve the completion rate of the United Nations Basic Security Training.	The secretariat sent messages to all staff reminding them of all United Nations mandatory training with a completion deadline of 30 September 2018.	Implementation in progress
Recommendation 15, paragraph 138:		
The Board recommends that UNFCCC perform a fraud risk assessment in line with or embedded in the enterprise risk management.	The secretariat agreed with the recommendations. The acceptance of the recommendations was on the basis of available funding and the outcome of the ongoing organizational review.	Being reviewed
Recommendation 16, paragraph 139:		
The Board recommends that UNFCCC dedicate an organizational function which coordinates, implements and monitors the implementation of the framework (focal point).	The secretariat agreed with the recommendations. The acceptance of the recommendations was on the basis of available funding and the outcome of the ongoing organizational review.	Being reviewed. In the meantime, the implementation of the policy and monitoring is coordinated by the office of the Director of the

Recommendations[a]	*Comments by the secretariat*	*Status of implementation*
		Administrative Services programme.

Abbreviations: Board = United Nations Board of Auditors, COP = Conference of the Parties, ICT = Information and Communication Technology, OHRM = Office of Human Resources Management, SBI = Subsidiary Body for Implementation, USG-AM = Under-Secretary-General for Administration and Management.

[a] The recommendations are reproduced as received from the Board.

[b] FCCC/SBI/2017/7, paragraph 129.

Table 2

Recommendations of the United Nations Board of Auditors for the year that ended on 31 December 2016

Recommendations[a]	*Comments by the secretariat*	*Status of implementation*
Recommendation 1, paragraph 68:		
The Board recommends that UNFCCC evaluate the restructuring process and draft lessons learned from the restructurings of the SDM and ICT programmes before continuing with further restructurings.	This recommendation was overtaken by events following the issuance of the draft administrative instructions on the downsizing policy by the secretariat in December 2017. As per the Board's audit recommendations, the secretariat will adopt the revised downsizing policy once finalized. Any desired exemptions to the policy shall be sought in line with the delegation of authority to the secretariat.	Under implementation
Recommendation 2, paragraph 96:		
The Board recommends that UNFCCC formally designates a focal point on disability and accessibility issues and inform staff members accordingly.	The arrangements in place within the secretariat regarding disability and accessibility have thus far worked as required. Technically, the premises of the United Nations Campus in Bonn are managed by UNV and not the secretariat. The secretariat has no mandate to operate or provide such centralized activities. Such a centralized function would need to be incorporated by UNV into the responsibilities of the United Nations Common Services, which is the unit that implements United Nations wide mandates in Bonn. The focal point for disability remains with the Chief of Human Resources and for the physical premises with the General Services team working in conjunction with UNV. This has now been communicated to all staff on the UNFCCC intranet.	Implemented

Abbreviations: Board = United Nations Board of Auditors, ICT = Information and Communication Technology, SDM = Sustainable Development Mechanisms, UNV = United Nations Volunteers.

[a] The recommendations are reproduced as received from the Board.